



Development Impact Fee Study

Prepared for the

City of Eastvale

February 2, 2012

Main Office
32605 Temecula Parkway, Suite 100
Temecula, CA 92592
Toll free: 800.676.7516

Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102
Toll free: 800.434.8349

TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY	1-1
1.1.	Introduction	1-1
1.2.	Maximum Fee Amounts.....	1-2
2.	DEMOGRAPHICS	2-1
2.1.	Scope of Demographic Data	2-1
2.2.	Growth Horizon	2-1
2.3.	Data Sources	2-1
2.4.	Residential Statistics	2-2
2.5.	Non-Residential Statistics.....	2-2
2.6.	Demographic Data and Projections.....	2-6
3.	TRANSPORTATION	3-1
3.1.	Purpose of the Fee	3-1
3.2.	Use of the Fee.....	3-1
3.3.	Relationship between Use of the Fee and Types of Development	3-1
3.4.	Relationship between Need for Public Facilities and Types of Development.....	3-2
3.5.	Relationship between the Fee and Cost of Public Facilities	3-3
3.6.	Maximum Fee Amount.....	3-4
4.	FIRE	4-1
4.1.	Purpose of the Fee	4-1
4.2.	Use of the Fee.....	4-1
4.3.	Relationship between Use of the Fee and Types of Development	4-1
4.4.	Relationship between Need for Public Facilities and Types of Development.....	4-2
4.5.	Relationship between the Fee and Cost of Public Facilities	4-3
4.6.	Maximum Fee Amount.....	4-5
5.	GENERAL GOVERNMENT	5-1
5.1.	Purpose of the Fee	5-1
5.2.	Use of the Fee	5-1
5.3.	Relationship between Use of the Fee and Types of Development	5-1
5.4.	Relationship between Need for Public Facilities and Types of Development.....	5-2
5.5.	Relationship between the Fee and Cost of Public Facilities	5-3
5.6.	Maximum Fee Amount.....	5-5
6.	IMPLEMENTATION.....	6-1

1. EXECUTIVE SUMMARY

1.1. Introduction

The purpose of this report is to describe the findings and recommendations of the Development Impact Fee Study performed by NBS to update the basis of fees imposed by the City of Eastvale, California. The study was limited to fees imposed for the following public facility types: traffic, general government, and fire.

The following report is structured along the key tenets of California Government Code 66000-66025, which is the statutory authority and framework for the City's implementation of these fees. (The City's over-riding authority to impose regulatory fees of all kinds, including development impact fees, is granted by California Constitution Article XI, Section 7, which describes a municipality's broad local police power.) Government Code 66000 et seq. also is known as the "Mitigation Fee Act" and is referred to commonly as "AB 1600." In 1987, Assembly Bill 1600 established within the Government Code the consolidated authority and requirements for imposing fees and other forms of exaction on development. The key tenets of the code require that when a public agency first imposes or seeks to modify development impact fees, it issue analytical and policy findings demonstrating the following:

- The purpose of the fee.
- The use of the fee.
- The relationship between the use of the fee and the types of development on which it is imposed.
- The relationship between the need for the public facilities and the type of development on which the fee is imposed.
- The relationship between the fee amount and the cost of the public facilities.

These findings demonstrate that a public agency has established how public facilities relate to new development and that fees are not in excess of the estimated reasonable cost of the facilities and development's proportionate share of that cost.

Sections 3, 4, and 5 of the following report establish the above-described "nexus" for the impact fees included in this study. Preceding those fee justifications, Section 2 summarizes the demographic projections which describe potential growth conditions within the City. Finally, Government Code 66000 et seq. also identifies specific implementation and administrative requirements for the ongoing management of development impact fees, which are discussed in Section 6 of this report and apply to each of the facility types covered by this study.

1.2. Maximum Fee Amounts

The City has been using a nexus analysis adopted from the County fee structure for its traffic, public facilities, and fire development impact fees. Independent of the County nexus analyses this report provides a justification for an updated maximum fee amount that could be imposed by the City for each of the examined facility types. While a lower amount may be selected by the City for actual implementation, under the statutory framework referenced earlier, the City may not exceed the figures presented by this analysis.

The calculated maximum fee amounts are summarized in the following table, compared alongside current fees imposed by the City.

Land Use	Prior Total DIF	Basis	New Maximum DIF	Basis
Single Family Residential	\$4,057	per dwelling unit	\$2,116	per dwelling unit
Multi-Family Residential	\$3,413	per dwelling unit	\$1,469	per dwelling unit
Commercial/Retail	\$21,579 \$1,982	per acre per 1,000 square feet of building space -0.25 FAR	\$1,967	per 1,000 square feet of building space
Light Industrial/Warehousing	\$11,017 \$1,012	per acre per 1,000 square feet of building space -0.25 FAR	\$644	per 1,000 square feet of building space
Office / Business Park	N/A	per 1,000 square feet of building space -0.25 FAR	\$655	per 1,000 square feet of building space

2. DEMOGRAPHICS

2.1. Scope of Demographic Data

The purpose of this section is to summarize the growth forecast and development demographic data used within each of the development impact fee nexus analyses contained in this consolidated report. Demographic data used in the analyses focused on the following statistical categories:

- Population
- Housing units
- Population density by type of housing
- Employment by sector
- Employment density by sector
- Acreage by sector
- Trip rate by sector

Forecasts and demographics discussed in this report and its accompanying analyses reflect City-wide statistics. As illustrated further in Sections 3, 4, and 5, none of the examined facility types were parsed into smaller geographic zones, which is to say that all facilities considered for inclusion in the cost bases for impact fees serve development irrespective of geographic location within the City. Therefore, growth forecasts and demographics at that lower level of detail were not necessary and were not prepared within the scope of this study.

2.2. Growth Horizon

The horizon used in forecasting growth for the City of Eastvale was selected as twenty years, using 2011 as a base year and extending to 2031. A period of twenty years was selected as a timeframe within which reasonable growth projections may be established and the impacts of that growth most reasonably quantified for the purpose of fee justification.

While this study has placed a limit on the projection period, it has acknowledged that the City of Eastvale's long-range planning efforts and other strategic planning exercises consistently identify estimated development conditions at community build-out: a condition that will not reasonably occur within the study's twenty-year horizon based on best available growth projections. At a high-level, the City plans toward build-out assuming a total population of 86,389, compared to existing population in 2011 of 54,303.

This acknowledgment of build-out conditions is important: This impact fee study has assumed public facilities sized to serve community build-out conditions would necessarily be constructed within twenty years. The study has sought to adhere to a reasonable rate of growth and a reasonable, proportionate cost burden for facilities serving demands from new development.

2.3. Data Sources

Data and projections discussed in this section are derived from the following data sources:

- California Department of Finance, City/County Population and Housing Estimates, 1/1/2011.
- Statistics reference the County of Riverside Development Impact Fee Study, 2006, which references a study published by the Southern California Association of Governments/The Natleson Group, deriving data for Riverside and San Bernardino Counties.

Through the course of this study, use of and interpretation of information in the above-listed data sources was reviewed with and confirmed by City of Eastvale personnel as the best available reasonable indicators of current and projected development conditions within the City.

2.4. Residential Statistics

For the purpose of analyzing impact fees, population and housing-related statistics have been projected from the existing persons per household ratio and dwelling units at buildout. Results may differ from published regional sources; however this methodology was determined to be the most accurate by the City's Planning Director.

Population

The California Department of Finance identified the existing population of Eastvale as of January 1, 2011, to be 54,303. Population projected at buildout is 86,389, based on the existing persons per household ratio and dwelling units at buildout. This represents a 20-year growth in residents of 32,086, or 59.1% change. Annualized, this rate of growth is equivalent to 1,604 new residents per year, or approximately 3.0% annual growth.

Housing Units

The City of Eastvale Public Works Department used the City's Geographic Information System, to identify the existing inventory of housing units in Eastvale, to be a total of 12,733: 13,460 single family homes and 2,273 multi-family dwelling units, including both occupied and unoccupied units.

Extrapolating from projected total population and the population densities by type of housing described in the following paragraph, total housing units projected for 2031 is 25,029: 15,738 single family homes and 9,291 multi-family dwelling units. This represents a twenty-year growth in housing units of 9,296, or 59.1% cumulatively – in line with the rate of population growth. Annualized, this rate of growth is equivalent to 465 new housing units per year, or approximately 3.0% annual growth in housing stock.

Population Density

Comparing total existing population and total existing dwelling units (regardless of type), a ratio of 3.45 persons per household is implied. Extrapolating from total existing population, known distribution of housing stock by type, and the City's overall ratio of persons-per-household, population density by type of housing was identified: 3.90 persons per household for single family residential and 2.69 persons per household for multi-family residential at buildout.

These densities were assumed to remain unchanged overall within the twenty-year growth forecast used by this study.

2.5. Non-Residential Statistics

For the purpose of analyzing impact fees, employment statistics describe the demographics of the City's non-residential development.

Employment

Deriving figures from the Southern California Association of Governments/The Natleson Group study in 2006; the total jobs projected in Eastvale are currently 9,363, distributed across industrial, retail/commercial, office, institutional, and other sectors. Total jobs projected for 2021 is 17,388, based on a linear extrapolation from employment projections, extrapolated from densities per acre reported in the Riverside County General Plan/Eastvale Area Plan-2008, applied to City of Eastvale Geographic Information System acreage by sector. This represents a twenty-year growth in jobs of 8,025, or 85.7% cumulatively across all sectors. Annualized, this rate of growth is equivalent to 401 new jobs per year, or approximately 4.3% annual growth, varying by sector.

Employment Density

The County of Riverside's 2006 Development Impact Fee Study identified the following density ratios by non-residential sector: 1.61 employees per 1,000 square feet for light industrial/warehousing uses, 1.55 for retail/commercial uses, and 1.55 for office/business park uses. These densities were assumed to remain unchanged within the forecast used by this update.

2.6. Demographic Data and Projections

The data described in the preceding paragraphs is summarized in a two-page excerpt from the impact fee analysis, which follows this page and is labeled "Worksheet A."

Worksheet A: City of Eastvale Demographic and Data Projections

Demographic Statistic	Existing Total	Projected Total at Buildout	Total Change (Cumulative)	Annualized Change (Per Year, 20 Yrs Assumed)
1) Population	54,303 a	86,389 b	32,086 59.1%	1,604 3.0%
2) Housing Units:				
Single Family Residential	13,460 c	15,736 d	2,278 16.9%	114 0.8%
Multi-Family Residential	2,273 c	9,291 d	7,018 308.8%	351 15.4%
Total	15,733	25,029	9,296 59.1%	465 3.0%
3) Persons per Household:				
Single Family Residential	3.61 e	3.90 e	0.29 7.9%	0.01 0.4%
Multi-Family Residential	2.49 e	2.69 e	0.20 7.9%	0.01 0.4%
Total	3.45 e	3.45	- 0.0%	- 0.0%
4) Population by Type of Housing:				
Single Family Residential	48,636	61,383	12,748 26.2%	637 1.3%
Multi-Family Residential	5,667	25,006	19,339 341.2%	967 17.1%
Total	54,303	86,389	32,086 59.1%	1,604 3.0%
5) Employment by Sector:				
Commercial/Retail	1,142 f	1,520 f	379 33.2%	19 1.7%
Light Industrial/Warehousing	8,221 f	14,139 f	5,918 72.0%	296 3.6%
Office/Business Park	- f	1,729 f	1,729 0.0%	86 0.0%
Total	9,363	17,388	8,025 85.7%	401 4.3%
6) Non-Residential Space (sqft):	-- not available --	-- not available --	-- not available --	-- not available --
7) Employees per 1,000 SqFt:				
Commercial/Retail	1.55 g	1.55 g	- 0.0%	- 0.0%
Light Industrial/Warehousing	1.61 g	1.61 g	- 0.0%	- 0.0%
Office/Business Park	1.55 g	1.55 g	- 0.0%	- 0.0%
8) Acreage by Sector:				
Single Family Residential	2,801 c	3,275 c	474 16.9%	24 0.8%
Multi-Family Residential	114 c	466 c	352 308.8%	18 15.4%
Commercial/Retail	199 c	265 c	66 33.2%	3 1.7%
Light Industrial/Warehousing	639 c	1,099 c	460 72.0%	23 3.6%
Office/Business Park	- c	106 c	106 0.0%	5 0.0%
Total	3,753	5,211	1,458 38.8%	73 1.9%
9) Trip Rate by Sector:				
Single Family Residential	9.57 h	9.57 h	- 0.0%	- 0.0%
Multi-Family Residential	6.72 h	6.72 h	- 0.0%	- 0.0%
Commercial/Retail	23.25 h	23.25 h	- 0.0%	- 0.0%
Light Industrial/Warehousing	4.86 h	4.86 h	- 0.0%	- 0.0%
Office/Business Park	5.15 h	5.15 h	- 0.0%	- 0.0%
10) Average Daily Trips by Sector:				
Single Family Residential	128,812	150,610	21,798 16.9%	1,090 0.8%
Multi-Family Residential	15,275	62,436	47,161 308.8%	2,358 15.4%
Commercial/Retail	26,546	35,350	8,804 33.2%	440 1.7%
Light Industrial/Warehousing	39,972	68,747	28,775 72.0%	1,439 3.6%
Office/Business Park	-	8,895	8,895 0.0%	445 0.0%
Total	210,605	326,041	115,436 54.8%	5,772 2.7%

Proportionate Allocation Metrics for Resident Population

Statistic	Total	Distribution
Buildout Population	86,389	37%
Existing Population	54,303	63%

Proportionate Allocation Metrics for Resident and Employment Population

Statistic	Total	Distribution
Buildout Population	103,777	39%
Existing Population	63,666	61%

Derived Residential Densities

Land use	Persons per Household at Buildout	Population at Buildout	Persons per Household, Existing	Population, Existing
Single Family Residential	3.90	61,383	3.61	48,636
Multi-Family Residential	2.69	25,006	2.49	5,667
Total		86,389	93%	54,303
Total Persons per Household		3.45	(Adjustment)	3.45

Proportionate Allocation Metrics for Average Daily Trips

Statistic	Total	Distribution
Buildout Trips	326,041	35%
Existing Trips	210,605	65%

3. TRANSPORTATION

3.1. Purpose of the Fee

The purpose of the Transportation Facilities Development Impact Fee is to ensure that new development within the City of Eastvale pays its proportionate share of the capital investments made by the City, which are necessary to provide traffic amenities adequate to accommodate a growing service population within the standards and needs defined by the City's master planning process.

Proceeds from development impact fees will not be used to fund ongoing operations and maintenance of transportation facilities. Fee revenues collected will be held in a separate fund or account, purposely segregated to ensure proceeds are made available for eligible capital projects.

3.2. Use of the Fee

The City of Eastvale uses proceeds from its Transportation Facilities Development Impact Fee to provide one source of funding (among several sources necessary) for capital investments in transportation facilities which are built wholly or partially in consideration of demands from future development City-wide. This includes the acquisition of property, the improvement, design and construction of transportation facilities. The complete list of future transportation facilities and the commensurate capital investment required to realize those plans are contained in Worksheet B, below:

Worksheet B: Transportation Capital Facilities for Impact Fee Consideration

Facility	Total Cost (a,b)	Allocation Basis		(c)	Distribution	
		Existing Development	Future Development (Buildout)		Existing Development	Future Development (Buildout)
Road Improvements						
Hellman, Bridge at Cucamonga Creek, one lane bridge widening	\$ 843,000	0%	100%	d	\$ -	\$ 843,000
New Traffic Signals						
23 New Traffic Signals (Per City of Eastvale Engineer)	\$ 7,590,000	0%	100%	d	\$ -	\$ 7,590,000
Total Capital Facilities	\$ 8,433,000	0.0%	100.0%		\$ -	\$ 8,433,000

The City has identified a total of \$8.4 million in capital facilities costs for facilities related to transportation. The City identified facilities based on the existing level of service per trip for traffic signals and the City's General Plan Circulation Element for roadway improvements. Secondary arterial roadways have historically been constructed by adjacent development; however, the Hellman Avenue bridge widening over Cucamonga Creek was included in the fee program because it is adjacent to property owned by a public agency. Cost estimates for the facilities are based on best available data and include all costs of completing the facility, including design, permitting, land acquisition, construction, and project administration. Costs are expressed in current values (as of 2011): not adjusted for any future projection of cost inflation.

3.3. Relationship between Use of the Fee and Types of Development

As illustrated in Worksheet B, the transportation facilities listed reflect facilities that will serve only future development within the City.

The Hellman Bridge at Cucamonga Creek, one lane bridge widening project was identified by City personnel as necessary only to serve future development within the community and sustain the level of service standards established by the City of Eastvale. (In other words, without growth in the community, the facilities would not be needed.) This project was allocated entirely to funding from future development

for growth projected to occur within the twenty-year build-out horizon for this study.

23 new traffic signals were identified by the city as sized to serve City-wide demands at community build-out. Per the City, funding of signals are at a level less than or equal to the City's existing level of service, and these costs are 100% allocable to the growth projected to occur within twenty years.

3.4. Relationship between Need for Transportation Facilities and Types of Development

Transportation facilities are made available to serve a measurable, City-wide population within the community. This study has provided the following method of quantifying a proportionate cost to serve the demands generated by new development.

The demand variable used to allocate improvement costs for traffic signals in this study is average daily trips (ADT). Trip generation rates are used in this analysis to project traffic volumes for broad categories of development, and are based on statistics referenced from Transportation and Land Management Agency data, as cited by the County of Riverside's Development Impact Fee Study. The resulting traffic volumes are used to establish the average improvement cost per average daily trip for all future development.

In the following table, all development sectors have been used as the measure of proportionate demand (or need) for transportation facilities. The table summarizes the change in ADT over which the facilities identified in Workspace B may be apportioned. This change in ADT is derived by multiplying the trip rate per sector by the number of housing units for both existing and build out demographics. As shown in Workspace A of this report, twenty-year growth in the City's population projects an increase of ADT for all development sectors from 210,605 to 326,041, a change of 115,346.

SERVICE BASIS:	
Growth to Buildout in Average Daily Trips, All Sectors	115,436
Adjustment Factor to Estimate Service Population	1.00
Future Service Population, All Sectors	115,436
Total Service Basis	115,436

In addition to establishing the applicable service population placing demands on transportation facilities, equivalencies within that service population had to be established to differentiate demands generated by different land uses. To create proportionality among land uses, service population densities were used: ADT per residential dwelling unit and per employees per square foot of non-residential space. These densities were introduced in Section 2, Workspace A of this report and are summarized in the table below:

Land Use	Trip Generation	
	per Dwelling Unit	per Square Foot
Single Family Residential	9.57	n/a
Multi-Family Residential	6.72	n/a
Commercial/Retail	n/a	23.25
Light Industrial/Warehousing	n/a	4.86
Office/Business Park	n/a	5.15

3.5. Relationship Between the Fee and Cost of Public Facilities

Section 3.2 identified the City's total list of planned capital investments in transportation facilities, which amount to \$8.4 million. Section 3.3 then identified the extent to which those projects served new development within the twenty-year planning horizon established by this study, which is determined as 100 percent eligible for consideration in a development impact fee. Finally, Section 3.4 identified the equivalent future service population generating demand for traffic facilities. From this information, a unit cost was then calculated, which serves as the foundation for an updated impact fee structure.

However, before calculating the unit cost, one final adjustment was made to the overall cost basis for the impact fee. The existing fund balance available in the City's Impact Fee Fund was used to off-set the list of capital projects identified in this analysis. Fund balance reduced the total cost basis for the impact fee by \$232 thousand.

Worksheet E below summarizes the total cost basis for the impact fee calculation, which amounted to just over \$8.2 million. This total cost of facilities was then expressed as a cost per trip of \$71.

Worksheet E: Unit Cost Calculation

COST BASIS:	
Total Capital Facilities and Equipment	\$ 8,433,000
less: Amount Allocable to Existing Development	\$ -
Net Capital Facilities and Equipment Considered	\$ 8,433,000
plus: Financing of Capital Facilities and Equipment Contemplated	\$ - a
less: Existing Impact Fee Fund Balance	\$ (232,807) b
Total Cost Basis	\$ 8,200,193

SERVICE BASIS:	
Growth to Buildout in Average Daily Trips, All Sectors	115,436
Adjustment Factor to Estimate Service Population	1.00
Future Service Population, All Sectors	115,436
Total Service Basis	115,436

UNIT COST:	
Unit Cost: Per Trip	\$ 71

REVENUE FROM FUTURE DEVELOPMENT WITHIN THE PLANNING HORIZON:	
Residential and Non-Residential Development	\$ 8,200,193
Total Revenue for Capital Facilities	\$ 8,200,193

These unit costs were next translated into an impact fee structure, wherein residential development is assessed a fee amount per new dwelling unit and non-residential development is assessed a fee amount per 1,000 square feet of new building space. Thus, the derived unit costs were applied to the development densities described in Worksheet C, yielding the base fee structures shown in Worksheet D, below.

Worksheet I-1: Fee Classification and Calculation

Land Use	Trip Generation		Unit Cost	Base Fee
	per Dwelling Unit	per Square Foot		
Single Family Residential	9.57	n/a	\$ 71	\$ 680 per dwelling unit
Multi-Family Residential	6.72	n/a	\$ 71	\$ 477 per dwelling unit
Commercial/Retail	n/a	23.25	\$ 71	\$ 1,652 per 1,000 square feet of building space
Light Industrial/Warehousing	n/a	4.86	\$ 71	\$ 345 per 1,000 square feet of building space
Office/Business Park	n/a	5.15	\$ 71	\$ 366 per 1,000 square feet of building space

Above the calculated base fee amounts, the Mitigation Fee Act allows the City to include a component fee that recovers its estimated reasonable costs for administering the impact fee program. Administration includes the collection and management of fee proceeds, the ongoing reporting requirements prescribed by the Mitigation Fee Act, and the cost of periodic updates to the underlying nexus analyses justifying fees.

Based on estimated annual time for these activities, fully-burdened hourly rates provided by the City, and the amortized cost of nexus analyses, this analysis found that the City may charge up to 2.00% of the base fee as an additional component to recover administrative costs. As an example, on a base fee of \$680 per single family residence this adds \$13 to the fee, yielding a maximum fee amount of \$693: \$685 which must remain in the City's Transportation facilities Fund, and \$13 which may be made available to General Fund to off-set its administrative costs for the impact fee program.

3.6. Maximum Fee Amount

Worksheet I also lists the maximum fee structure that may be imposed by the City as justified by this study. In updating its Transportation facilities Development Impact Fee, the City must select one of the options – continued applicability to residential land uses only or applicability to both residential and non-residential land uses – and may choose its desired fee amount not to exceed the amounts listed in the worksheets.

Worksheet I-2: Maximum Fee Amount Calculation

Land Use	Maximum Fee
Single Family Residential	\$ 693 per dwelling unit
Multi-Family Residential	\$ 487 per dwelling unit
Commercial/Retail	\$ 1,685 per 1,000 square feet of building space
Light Industrial/Warehousing	\$ 352 per 1,000 square feet of building space
Office/Business Park	\$ 373 per 1,000 square feet of building space

At these maximum fee levels, the City is projected to generate \$8.2 million over twenty years to mitigate the cost of capital facilities built in whole to serve the increased demands generated by new development.

4. FIRE

4.1. Purpose of the Fee

The purpose of the Fire Facilities Development Impact Fee is to ensure that new development within the City of Eastvale pays its proportionate share of the capital investments made by the City, which are necessary to provide fire protection, fire suppression, and other fire safety services adequate to accommodate a growing service population within the standards and needs defined by operational standards and planning criteria.

Proceeds from development impact fees will not be used to fund ongoing operations and maintenance of fire services. Fee revenues collected will be held in a separate fund or account, purposely segregated to ensure proceeds are made available for eligible capital facilities and related uses, as identified in this nexus analysis

4.2. Use of the Fee

The City of Eastvale has used proceeds from its Fire Facilities Development Impact Fee to provide one source of funding (among several sources necessary) for capital investments in fire facilities and equipment which have been built and/or acquired wholly or partially in consideration of demands from future development City-wide. This includes the acquisition of property, the design and construction of new or expanded facilities needed to adequately provide fire and safety services, and the acquisition of heavy equipment necessary for the full functionality of those facilities. The complete list of future public facilities and the commensurate capital investment required to realize those plans are listed in Worksheet C, below.

Worksheet C: Capital Facilities for Consideration

Facility	Total Cost (a,b)	Allocation Basis		(c)	Distribution	
		Existing Development	Future Development (Buildout)		Existing Development	Future Development (Buildout)
Eastvale Fire Station No. 27, in progress	\$ 4,467,000	61%	39%	c	\$ 2,740,439	\$ 1,726,561
Eastvale Fire Station, additional	\$ 4,451,000	61%	39%	c	\$ 2,730,823	\$ 1,720,177
Total Capital Facilities	\$ 8,918,000	61.3%	38.7%		\$ 5,471,262	\$ 3,446,738

The City has identified a total of \$8.9 million in capital facilities costs for fire facilities. These facilities have been identified by the City's Public Works Department, drawing upon the City's established capital improvement plan. Prior to use in the justification for development impacts fees, the list of considered facilities was reviewed and confirmed by City personnel. Cost estimates for the facilities are based on best available data and include all known costs of completing the facility, including design, permitting, any land acquisition, construction, and project administration. Costs are expressed in current (2011) values: not adjusted for any future projection of cost inflation.

4.3. Relationship between Use of the Fee and Types of Development

In total, the fire facilities listed in Worksheet C reflect the comprehensive plans of the Riverside County Fire Department with respect to facilities providing services to the community. Individual facilities in that list will serve existing and future development within the City to varying degrees. Of \$8.9 million in total facilities identified, just over 61% of that total cost – \$5.5 million – is estimated to serve existing development within the community and is therefore not eligible for consideration in a development impact fee imposed on new development. The remaining balance, \$3.4 million, is related to facilities that wholly or partially serve demands generated by new development. Due to the twenty-year time horizon selected

by this impact fee study, it was necessary to break down this amount further into facility costs attributable to development that will occur within a twenty-year timeframe.

As illustrated in Worksheet C, individual facilities are estimated to serve generations of development to varying degrees. All projects were identified by the Riverside County Fire Department as sized to serve City-wide demands at community build-out, and therefore, the costs of the facilities should be shared proportionately between existing development, and growth projected to occur within twenty years to build-out. Costs are shared based on a proportionate distribution between existing and future development per service population, as introduced in Section 2, Worksheet A of this report.

4.4. Relationship between Need for Public Facilities and Types of Development

Fire facilities and equipment are made available to serve a measurable population within the community, stemming from both residential and non-residential development. Both residential population and a metric for non-residential population have been used as the measure of proportionate demand (or need) for the services made possible by the Fire Department's capital assets.

The table below summarizes the service population over which the identified facilities may be apportioned. This service population uses the twenty-year growth in the City's population and adds to that a fraction of the twenty-year growth in employment projected for the City, as described in Section 2 of this report. Twenty-year growth in the City's population is estimated at 32,086 new residents, compared to base year population of 54,303. Twenty-year growth in employment within the City is estimated at 8,025 new jobs, compared to base year employment of 9,363 jobs.

The facilities were assumed to be accessible by a full-time employee within the standard workday only and therefore yielded an adjustment factor of one resident equal to 0.69 employee. This approach yielded an overall adjustment factor to employment projections of 0.69, reducing the non-residential service population from 8,025 new jobs to an equivalent service population of 5,538. Added to the 32,086 new residents projected, a total service population of 37,624 for fire facilities was derived.

SERVICE BASIS:	
Growth to Buildout in Resident Population	32,086
Adjustment Factor to Estimate Service Population	1.00
Future Residential Service Population	32,086
Growth to Buildout in Employment	8,025
Adjustment Factor to Estimate Service Population	0.69
Future Non-Residential Service Population	5,538
Total Service Basis	37,624

In addition to establishing the applicable service population placing demands on fire facilities and equipment, equivalencies within that service population had to be established to differentiate demands generated by different land uses. To create proportionality among land uses, service population densities were used: persons per residential dwelling unit and employees per square foot of non-residential space. These densities were introduced in Section 2 of this report and are summarized in the table below.

Land Use	Service Population Density	
	per Dwelling Unit	per 1,000 Square Feet
Single Family Residential	3.90	n/a
Multi-Family Residential	2.69	n/a
Commercial/Retail	n/a	1.55
Light Industrial/Warehousing	n/a	1.61
Office/Business Park	n/a	1.55

4.5. Relationship between the Fee and Cost of Public Facilities

Section 4.2 identified the value of capital facilities and equipment, which amount to \$8.9 million. Section 4.3 then identified the extent to which those assets served new development within the twenty-year planning horizon established by this study, reducing the value of total facilities and equipment to an amount just under \$3.5 million eligible for consideration in a development impact fee. Finally, Section 5.4 identified the equivalent future service population generating demand for fire facilities and equipment: 37,624 residents and employees. From this information, a unit cost was then calculated, which serves as the foundation for an updated impact fee structure.

However, before calculating the unit cost, two final adjustments were made to the overall cost basis for the impact fee. First, a provision for financing costs was quantified. This study assumed that roughly 50% of the total eligible capital facilities costs will be debt-financed. Financing costs added roughly \$1.2 million to the total cost basis for the impact fee.

The second adjustment to the overall cost basis for the impact fee involved reducing the basis to acknowledge existing fund balance available in the City's Fire Mitigation Fund, accumulated from impact fees collected and unspent to date. This fund balance can be used to off-set the list of capital projects identified in this analysis. Fund balance reduced the total cost basis for the impact fee by \$76 thousand.

Worksheet F on the following page summarizes the total cost basis for the impact fee calculation, which amounted to roughly \$4.5 million. This total cost of public facilities was then expressed as a unit cost of \$121 per new resident and \$83 per new employee.

Worksheet F: Unit Cost Calculation and Classification

COST BASIS:

Total Capital Facilities and Equipment	\$ 8,918,000	
less: Amount Allocable to Existing Development	<u>\$ (5,471,062)</u>	
Net Capital Facilities and Equipment Considered	\$ 3,446,938	
plus: Financing of Capital Facilities and Equipment Contemplated	\$ 1,181,999	a
less: Existing Impact Fee Fund Balance	<u>\$ (76,517)</u>	b
Total Cost Basis	\$ 4,552,420	

SERVICE BASIS:

Growth to Buildout in Resident Population	32,086	
Adjustment Factor to Estimate Service Population	<u>1.00</u>	
Future Residential Service Population	32,086	
Growth to Buildout in Employment	8,025	
Adjustment Factor to Estimate Service Population	<u>0.69</u>	
Future Non-Residential Service Population	5,538	
Total Service Basis	37,624	

UNIT COST:

Residential Unit Cost: Per Person	\$ 121
Non-Residential Unit Cost: Per Employee	\$ 83

REVENUE FROM FUTURE DEVELOPMENT WITHIN THE PLANNING HORIZON:

Residential Development	\$ 3,882,386
Non-Residential Development	\$ 670,034
Total Revenue for Capital Facilities	\$ 4,552,420

These unit costs were next translated into an impact fee structure, wherein residential development is assessed a fee amount per new dwelling unit and non-residential development is assessed a fee amount per 1,000 square feet of new building space. Thus, the derived unit costs were applied to the development densities, yielding the base fee structures shown in Worksheet J below.

Worksheet J-1: Fee Classification and Calculation

Land Use	Service Population Density		Unit Cost	Base Fee
	per Dwelling Unit	per 1,000 Square Feet		
Single Family Residential	3.90	n/a	\$ 121	\$ 472 per dwelling unit
Multi-Family Residential	2.69	n/a	\$ 121	\$ 326 per dwelling unit
Commercial/Retail	n/a	1.55	\$ 83	\$ 129 per 1,000 square feet of building space
Light Industrial/Warehousing	n/a	1.61	\$ 83	\$ 134 per 1,000 square feet of building space
Office/Business Park	n/a	1.55	\$ 83	\$ 129 per 1,000 square feet of building space

Above the calculated base fee amounts, the Mitigation Fee Act allows the City to include a component fee that recovers its estimated reasonable costs for administering the impact fee program. Administration includes the collection and management of fee proceeds, the ongoing reporting requirements prescribed by the Mitigation Fee Act, and the cost of periodic updates to the underlying nexus analyses justifying fees.

Based on estimated annual time for these activities, fully-burdened hourly rates provided by the City, and the amortized cost of nexus analyses, this analysis found that the City may charge up to 2.00% of the base fee as an additional component to recover administrative costs. As an example, on a base fee of \$472 per single family residence, this adds \$9 to the fee, yielding a maximum fee amount of \$481: \$472 which must remain in the City's Fire Mitigation Fund, and \$9 which may be made available to the City's General Fund to off-set its administrative costs for the impact fee program.

4.6. Maximum Fee Amount

Worksheet J also lists the maximum fee structure that may be imposed by the City as justified by this study. In updating its Fire Facilities Development Impact Fee, the City may choose its desired fee amount not to exceed the amounts listed below.

Workspace J-2: Maximum Fee Amount

Land Use	Maximum Fee
Single Family Residential	\$ 481 per dwelling unit
Multi-Family Residential	\$ 332 per dwelling unit
Commercial/Retail	\$ 132 per 1,000 square feet of building space
Light Industrial/Warehousing	\$ 137 per 1,000 square feet of building space
Office/Business Park	\$ 132 per 1,000 square feet of building space

At these maximum fee levels, the City is projected to generate a total of \$3.4 million over twenty years to invest in the capital facilities and equipment that have been built in anticipation of the demands that will be generated by future development toward and eventually to community build-out conditions.

5. GENERAL GOVERNMENT

5.1. Purpose of the Fee

The purpose of the Public Facilities Development Impact Fee is to ensure that new development within the City of Eastvale pays its proportionate share of the cost of capital investments in public facilities made by the City of Eastvale, which are necessary to provide general governmental and related civic services adequate to accommodate a growing service population within the standards and needs defined by the City's capital improvement programs, long-range planning, and strategic planning.

Proceeds from development impact fees will not be used to fund ongoing operations and maintenance of general governmental services and community programs. Fee revenues collected will be held in a separate fund or account, purposely segregated to ensure proceeds are made available for eligible capital projects, as identified in this nexus analysis.

5.2. Use of the Fee

The City of Eastvale uses proceeds from its Public Facilities Development Impact Fee to provide one source of funding (among several sources necessary) for capital investments in general governmental and community facilities which are built wholly or partially in consideration of demands from future development City-wide. This includes the acquisition of property and the design and construction of new or expanded facilities available for public use or needed to adequately perform civic services for the public. The complete list of future public facilities and the commensurate capital investment required to realize those plans are listed in Worksheet D, below.

Worksheet D: Capital Facilities for Consideration

Facility	Total Cost (a,b)	Allocation Basis		(c)	Distribution	
		Existing Development	Future Development (Buildout)		Existing Development	Future Development (Buildout)
Civic Center:						
Governmental Services (28,700 square feet, 2.64 acres)	\$ 10,264,000	63%	37%	c	\$ 6,451,816	\$ 3,812,184
Police Services (6,900 square feet, 0.63 acre)	\$ 3,158,000	61%	39%	c	\$ 1,937,387	\$ 1,220,613
Total Capital Facilities	\$ 13,422,000	62.5%	37.5%		\$ 8,389,202	\$ 5,032,798

The City has identified a total of \$13.4 million in capital facilities costs for facilities related to governmental and community services. These facilities have been identified by the City's Public Works Department, drawing upon the City's established capital improvement plan. Prior to use in the justification for development impacts fees, the list of considered facilities was reviewed and confirmed by City personnel. Cost estimates for the facilities are based on best available data and include all known costs of completing the facility, including design, permitting, any land acquisition, construction, and project administration. Costs are expressed in current (2011) values; not adjusted for any future projection of cost inflation.

5.3. Relationship between Use of the Fee and Types of Development

In total, the general governmental facilities listed in Worksheet D reflect the comprehensive plans of the City of Eastvale with respect to facilities providing general civic services to the community. Individual facilities in that list will serve existing and future development within the City to varying degrees. Of \$13.4 million in total facilities identified, just over 62% of that total cost – \$8.4 million – is estimated to serve existing development within the community and is therefore not eligible for consideration in a

development impact fee imposed on new development. The remaining balance, \$5 million, is related to facilities that wholly or partially serve demands generated by new development. Due to the twenty-year time horizon selected by this impact fee study, it was necessary to break down this amount further into facility costs attributable to development that will occur within a twenty-year timeframe.

As illustrated in Worksheet D, individual facilities are estimated to serve generations of development to varying degrees. All projects were identified by City personnel as sized to serve City-wide demands at community build-out, and therefore, the costs of the facilities should be shared proportionately between existing development, and growth projected to occur within twenty years to build-out. Costs are shared based on a proportionate distribution between existing and future development per service population, as introduced in Worksheet A of this report.

5.4. Relationship between Need for Public Facilities and Types of Development

General governmental facilities are made available to serve a measurable population within the community, stemming from both residential and non-residential development City-wide. Both residential population and a metric for non-residential population have been used as the measure of proportionate demand (or need) for the list of general governmental facilities identified in Worksheet D.

The table below summarizes the service population over which the identified facilities may be apportioned. This service population uses the twenty-year growth in the City's population and adds to that a fraction of the twenty-year growth in employment projected for the City, as described in Section 2, Workspace A. Twenty-year growth in the City's population is estimated at 32,086 new residents, compared to base year population of 54,303. Twenty-year growth in employment within the City is estimated at 8,025 new jobs, compared to base year employment of 9,363 jobs.

In quantifying demand for general governmental facilities from both residential and non-residential development, it is necessary to acknowledge that one new job does not place an equivalent demand on general governmental facilities as one new resident; therefore, an adjustment factor was applied to more reasonably quantify need for such facilities from non-residential development. That adjustment factor was based on two assumptions. The facilities were assumed to be accessible by a full-time employee within the standard workday only and therefore yielded an adjustment factor of one resident equal to 0.40 employee. This approach yielded an overall adjustment factor to employment projections of 0.40, reducing the non-residential service population from 8,025 new jobs to an equivalent service population of 3,202. Added to the 32,086 new residents projected, a total service population of 35,291 for general government facilities was derived.

SERVICE BASIS:		
Growth to Buildout in Resident Population	32,086	
Adjustment Factor to Estimate Service Population	1.00	
Future Residential Service Population	32,086	
Growth to Buildout in Employment	8,025	
Adjustment Factor to Estimate Service Population	0.40	c
Future Non-Residential Service Population	3,205	
Total Service Basis	35,291	

In addition to establishing the applicable service population placing demands on general governmental facilities, equivalencies within that service population had to be established to differentiate demands generated by different land uses. To create proportionality among land uses, service population densities were used: persons per residential dwelling unit and employees per square foot of non-residential space. These densities were introduced in Section 2, Workspace A of this report and are summarized in the table, below.

Land Use	Service Population Density	
	per Dwelling Unit	per 1,000 Square Feet
Single Family Residential	3.90	n/a
Multi-Family Residential	2.69	n/a
Commercial/Retail	n/a	1.55
Light Industrial/Warehousing	n/a	1.61
Office/Business Park	n/a	1.55

5.5. Relationship between the Fee and Cost of Public Facilities

Section 4.2 identified the City's total list of planned capital investments in general governmental facilities, which amount to \$13.4 million. Section 4.3 then identified the extent to which those projects served new development within the twenty-year planning horizon established by this study, reducing the value of total facilities to an amount of \$5 million eligible for consideration in a development impact fee. Finally, Section 4.4 identified the equivalent future service population generating demand for general governmental facilities: 35,291 residents and employees. From this information, a unit cost was then calculated, which serves as the foundation for an updated impact fee structure.

However, before calculating the unit cost, two final adjustments were made to the overall cost basis for the impact fee. First, a provision for financing costs was quantified. This study assumed that roughly 100% of the total eligible capital facilities costs will be debt-financed. Financing costs added roughly \$3.4 million to the total cost basis for the impact fee.

The second adjustment to the overall cost basis for the impact fee involved reducing the basis to acknowledge existing fund balance available in the City's Public Facilities Fund, accumulated from impact fees collected and unspent to date. This fund balance can be used to off-set the list of capital projects identified in this analysis. Fund balance reduced the total cost basis for the impact fee by \$131 thousand.

Worksheet G on the following page summarizes the total cost basis for the impact fee calculation, which amounted to roughly \$8.4 million. This total cost of public facilities was then expressed as a unit cost of \$237 per new resident and \$95 per new employee.

Worksheet G: Unit Cost Calculation

COST BASIS:		
Total Capital Facilities and Equipment	\$	13,422,000
less: Amount Allocable to Existing Development	\$	(8,389,202)
Net Capital Facilities and Equipment Considered	\$	5,032,798
plus: Financing of Capital Facilities and Equipment Contemplated	\$	3,457,826 a
less: Existing Impact Fee Fund Balance	\$	(131,001) b
Total Cost Basis	\$	8,359,622

SERVICE BASIS:		
Growth to Buildout in Resident Population		32,086
Adjustment Factor to Estimate Service Population		1.00
Future Residential Service Population		32,086
Growth to Buildout in Employment		8,025
Adjustment Factor to Estimate Service Population		0.40 c
Future Non-Residential Service Population		3,205
Total Service Basis		35,291

UNIT COST:		
Residential Unit Cost: Per Person	\$	237
Non-Residential Unit Cost: Per Employee	\$	95

REVENUE FROM FUTURE DEVELOPMENT WITHIN THE PLANNING HORIZON:		
Residential Development	\$	7,600,346
Non-Residential Development	\$	759,276
Total Revenue for Capital Facilities	\$	8,359,622

These unit costs were next translated into an impact fee structure, wherein residential development is assessed a fee amount per new dwelling unit and non-residential development is assessed a fee amount per 1,000 square feet of new building space. Thus, the derived unit costs were applied to the development densities, yielding the base fee structures shown in Worksheet K.

Worksheet K-1: Fee Classification and Calculation

Land Use	Service Population Density		Unit Cost	Base Fee
	per Dwelling Unit	per 1,000 Square Feet		
Single Family Residential	3.90	n/a	\$ 237	\$ 924 per dwelling unit
Multi-Family Residential	2.69	n/a	\$ 237	\$ 637 per dwelling unit
Commercial/Retail	n/a	1.55	\$ 95	\$ 147 per 1,000 square feet of building space
Light Industrial/Warehousing	n/a	1.61	\$ 95	\$ 152 per 1,000 square feet of building space
Office/Business Park	n/a	1.55	\$ 95	\$ 147 per 1,000 square feet of building space

Above the calculated base fee amounts, the Mitigation Fee Act allows the City to include a component fee that recovers its estimated reasonable costs for administering the impact fee program. Administration includes the collection and management of fee proceeds, the ongoing reporting requirements prescribed by the Mitigation Fee Act, and the cost of periodic updates to the underlying nexus analyses justifying fees.

Based on estimated annual time for these activities, fully-burdened hourly rates provided by the City, and the amortized cost of nexus analyses, this analysis found that the City may charge up to 2.0% of the base fee as an additional component to recover administrative costs. As an example, on a base fee of \$924 per single family residence, this adds \$18 to the fee, yielding a maximum fee amount of \$942: \$924 which must remain in the City's Public Facilities Fund, and \$18 which may be made available to General Fund to off-set its administrative costs for the impact fee program.

5.6. Maximum Fee Amount

Worksheet K also lists the maximum fee structure that may be imposed by the City as justified by this study. In updating its Public Facilities Development Impact Fee, the City may choose its desired fee amount not to exceed the amounts listed in the worksheets.

Worksheet K-2: Maximum Fee Amount

Land Use	Maximum Fee
Single Family Residential	\$ 942 per dwelling unit
Multi-Family Residential	\$ 650 per dwelling unit
Commercial/Retail	\$ 150 per 1,000 square feet of building space
Light Industrial/Warehousing	\$ 155 per 1,000 square feet of building space
Office/Business Park	\$ 150 per 1,000 square feet of building space

At these maximum fee levels, the City is projected to generate \$5 million over twenty years to mitigate the cost of capital facilities built in whole or in part to serve the increased demands generated by new development. As emphasized throughout Section 4 of this report, this total funding amount represents a fraction of the overall capital investments the City faces in completing the facilities identified in its various general governmental and civic planning processes.

6. IMPLEMENTATION

The City should comply with the adoption process and annual and five-year reporting requirements of Government Code Section 66000 et seq. NBS provided the City with general implementation guidelines related to important mandates contained in the Section. The following text includes the City's written policy and procedure for implementation of the Development Impact Fee (DIF) program.

The DIF presented in this report is based on the best roadway improvements cost estimates, funding source information, administrative cost estimates, and land use information available at the time. If costs change significantly, if the type or amount of new development changes, if other assumptions significantly change, or if other finding becomes available (as a result of legislative action on state and local government finance, for example), the fee program should be updated accordingly.

After the fees presented in the report are established, the City should conduct periodic reviews of roadway improvement costs and other assumptions used as the basis of this nexus study. Based on these reviews, the City may make necessary adjustments to the fee program through subsequent fee program updates.

The cost estimates presented in this report are in constant 2011 dollars. The City may automatically adjust the costs and fees for inflation each year as outlined in this chapter.

Implementing Ordinances/ Resolutions

The proposed fee would be adopted by the City through one or more ordinances authorizing collection of the fee and through one or more fee resolutions establishing the fee. The fee will be effective 60 days following the City's final action on the ordinance authorizing collection of the fee and on the fee resolutions establishing the fee. The new ordinances or resolutions should reference the automatic inflation adjustment factor discussed in this chapter.

Fee Administration

The DIF will be collected from new development in areas subject to the fee at the time prior to the final building inspection; use of these funds may need to wait until a sufficient fund balance can be accrued. According to Government Code Section 66000, the City is required to deposit, invest, account for, and expend the fees in a prescribed manner. The City may also use these funds to administer and manage the DIF program and these funds.

Exemptions, Reimbursements, and Credits

- **Exemptions from the Fee**
 - The Program may be reduced under certain circumstances. Any exemptions of reduction in fees will be based on the City's independent analysis and review of the subject property.
 - All determinations regarding the exemptions provided in this section shall be made by the City Manager or his/her designees. The following entities will be exempted from payment of the DIF fees:
 - **Public Agencies** – All federal and state agencies, fire stations and the City will be exempt from the DIF. Other non-City public agencies shall be subject to payment of the DIF; however, the City may choose to waive some or all of the DIF in certain cases.
 - **Replacement/Reconstruction** – Any replacement or reconstruction (no change in use) of an residential unit or non-residential unit that is damaged or destroyed as a result of fire, flood, explosion, wind, earthquake, riot, or other calamity, or act of God shall be exempt from the DIF. However, for residential, if the

replacement/reconstructed residential unit(s) exceeds the documented number of units damaged/destroyed, the excess units are subject to the DIF. For non-residential, if the replacement/reconstructed building exceeds the documented total floor area damaged/destroyed, the excess square footage is subject to the DIF. In either case, should the structure be vacant for more than 5 years, the exemption will not apply.

If a residential or non-residential structure is replaced with an alternative land use, such as a retail building with an office building, then City staff will determine the appropriate DIF adjustment to reflect the different demand characteristics of the original and new land uses.

- **Additional/Alterations/Modifications/Temporary Facilities**

- Additions to single family residential units provided no change in use occurs and a second kitchen is not added.
- Additions to multi-family residential structures that are not part of a mixed use type project provided no change in use occurs and no additional units result.
- Supporting use square footage in multi-family projects, such as office and recreation areas required to directly serve the multi-family project. The residential unit fee will provide for the full mitigation required for multi-family projects.
- Non-habitable residential structures such as decks, pools, cabanas, sheds, garages and similar uses.
- Mobile or manufactured homes with no permanent foundation
- Any proposed project that the City Council determines will not impact any of the facilities for which the DIF is collected.

- **Required Fees**

The following are examples of instances in which the DIF may be required for land uses that potentially could be classified as exempt from the fees:

- Any project listed as exempt but which, nonetheless, in the opinion of the City Council increases the demand on City facilities funded by the DIF. The City Council may pro rate the amount of the fee based on the project's anticipated impact on the subject facility or facilities.
- Illegal facilities and buildings, constructed before the adoption of the DIF, which subsequently obtain a building permit to legitimize the facility or building, may be subject to the applicable fee.
- Shell buildings – the full DIF is payable prior to the final inspection of the shell building permit and not at the final of each tenant improvement unless otherwise approved by the City Manager or his/her designee.
- Accessory structures that are converted to a separate residential dwelling unit may be subject to the DIF as long as the primary residence remains on the property or the accessory structure is located on a new lot created by subdividing from the primary residence's lot.
- Temporary buildings that are authorized for more than 30 days in any calendar year and/or are permitted for less than 30 days per year for three or more subsequent years may be subject to the DIF.

- **Other Land Uses**

The DIF program identifies fees for the major land use categories. Specialized land uses may have unique demand characteristics and in these cases the City may calculate the appropriate fee based on Project specific information. For specialized development projects, the City Manager or his/her designee, in conjunction with the City Engineer, will review public facility demand generated by the specialized development and decide on an applicable fee.

- **Credit for Replacement of Existing Buildings**

Portions of the city are already developed. New development that replaces existing development is eligible for a fee credit to the extent that the portion of the new development to be replaced has contributed to or been serviced by City facilities funded by the DIF. The new/expanded portion of the new development will be subject to the DIF to the extent provided by Ordinance.

- **Reimbursement to Developers**

Many of the public facilities funded by the DIF may be needed up-front, before adequate revenue from the fee collection would be available for fund such improvements. Consequently some form of private funding may be necessary to pay for the public improvements when they are needed. This private financing may be in the form of land-secured bonds, developer equity, or other form of private financing.

In case where a private party or developer has advance funded all or a portion of an eligible DIF facility, the party will be due a reimbursement from the DIF. Reimbursements will be provided under the following conditions:

- Developer installed improvements shall be considered for reimbursement. Only funds collected from the DIF may be used to reimburse a developer who installed eligible DIF facilities.
- The value of any developer installed improvements for fee credit or reimbursement purposes shall be based on the lesser of the actual cost of eligible DIF facilities, as determined at the sole direction of the City, via the construction contract plus an allowance determined by the City for soft costs directly associated with the facility construction or via the total facility costs based upon the adjusted cost schedule set forth in the DIF.
- All construction contracts, construction work and requests for reimbursement are to be performed in conformance with City Ordinance, Resolutions and Policy and all labor shall be subject to the State of California prevailing wage requirements.

The reimbursement may be in the form of fee credits or cash reimbursements as set forth in City Ordinance, Resolutions and Policy.

- **Credit and Reimbursement Implementation Process**

The use of accumulated fee revenues shall be used in the following priority order:

- Critical projects as defined by the City
- Payment of reimbursement to private developers with approved reimbursement agreements.

Fee Program Update

The DIF is subject to automatic annual inflation adjustments, periodic updates, and a 5-year review requirement. The purpose of each update is described in this section.

- **Automatic Annual Inflation Adjustment**

The proposed fee may be automatically adjusted by the City annually to account for the inflation of construction, right-of-way acquisition, and environmental or design costs.

This study recommends that in March of each calendar year, using the procedures set forth in California Government Code Section 66017, the DIF should be adjusted by the average of the change in the Los Angeles Construction Cost Index (CCI) and the change in the 20-city CCI as reported in the Engineering News Record for the 12 month period ending December of each year.

- **Periodic Fee Updates**

The proposed DIF is subject to periodic update based on changes in developable land, cost estimates or outside funding sources. The City will periodically review the costs and fee to determine if any updates to the fees are warranted. During the periodic reviews, the City will analyze the following items:

- o Changes to the required facilities listed in the 2011 Development Impact Fee Study (*Nexus Study*).
- o Changes in the cost to update or administer the fee.
- o Changes in costs greater than inflation.
- o Changes in assumed land use.
- o Changes in other funding sources.

Any changes to the fee based on the periodic update will be presented to the City Council for approval before an increase or decrease in the fee.

• **Five-Year Review**

Fees will be collected from new development in the City in accordance with City Ordinances; use of the funds, however, may need to wait until a sufficient fund balance can be accrued. According to Government Code Section 66006, the City is required to deposit, invest, account for, and expend the fees in a prescribed manner. The fifth fiscal year following the first deposit into the Fee account or fund, and every 5 years thereafter, the City is required to make all of the following findings with respect to that portion of the account or fund remaining unexpended:

- o Identify the purpose for which the fee is to be put.
- o Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.
- o Identify all sources and amounts of funding anticipated to complete financing in incomplete plan area improvements.
- o Designate the approximate date on which the funding referred to in the above is expected to be deposited in the appropriate account or fund.

The City must refund the unexpended or uncommitted revenue portion of the fee for which a need could not be demonstrated in the above findings, unless the administrative costs exceed the amount of the refund.

Existing Development Share of Facility Costs

The City will continue to rely on multiple funding sources, including the DIF, to fund the development of public facilities. Because the facilities costs for certain DIF components are determined and allocated in accordance to the buildout LOS standard, costs are allocated to both future and existing development. Costs attributable to existing development must be funded from non-DIF program sources.

As is the case with all municipalities, the City of Eastvale does not control the future availability of funds for capital facility development from most non-fee sources. Grants are competitive, most bonds require voter approval, and General Fund resources are used to meet a variety of operational and capital facilities needs. The City should continue to seek and leverage all available funding mechanisms for capital facility development. The City should continue to rely on a combination of multiple funding sources to provide the desired level of service standards.